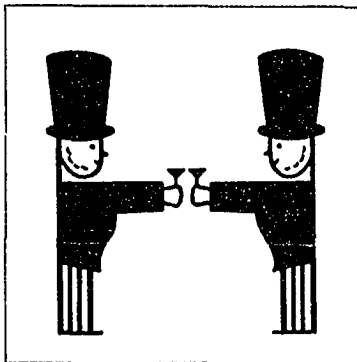


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**HEUBLEIN, INC.
ANNUAL REPORT**



ANNUAL REPORT TO STOCKHOLDERS FOR YEAR ENDED JUNE 30, 1959
HEUBLEIN, INC., 330 NEW PARK AVENUE, HARTFORD 1, CONNECTICUT

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DIRECTORS:

HOWARD L. BITTER
FREDERICK E. CHAPMAN
MARY G. FALVEY
PETER M. FRASER
RUDOLPH P. KUNETT
JOHN G. MARTIN
WILLIAM H. MORTENSEN
FRANCES HEUBLEIN PEROT
RICHARD RAPPORT
WILLIAM T. ROCHE
LESTER E. SHIPPEE
FRANCIS H. WHITMORE
J. HAROLD WILLIAMS

EXECUTIVE COMMITTEE:*Chairman*

LESTER E. SHIPPEE

PETER M. FRASER

RUDOLPH P. KUNETT

JOHN G. MARTIN

WILLIAM H. MORTENSEN

WILLIAM T. ROCHE

OFFICERS:*President*

JOHN G. MARTIN

Vice President and Treasurer

WILLIAM T. ROCHE

Vice Presidents

GERSON K. BERNSTEIN

JULIAN J. BIZIK

FREDERICK E. CHAPMAN

EDWARD G. GERBIC

JOSEPH A. PROCHASKA

Secretary

MARY G. FALVEY

Controller

JOHN J. MORAN

Assistant Treasurer

JOHN A. HENRY

Assistant Secretaries

LEO FACCIOLA

CHARLES E. KARL

GRAHAM K. MUIRHEAD

NICHOLAS G. PENNIMAN, III

HENRY J. ROGERS

Assistant Controller

WALTER B. UMBERFIELD

TRANSFER AGENT:

THE BANK OF NEW YORK
48 WALL STREET
NEW YORK 15, N. Y.

REGISTRAR:

MORGAN GUARANTY TRUST
OF NEW YORK
23 WALL STREET
NEW YORK 8, N. Y.

Heublein Highlights

	1959	1958
Net Sales	\$87,647,367	\$87,839,429
Net Profit Before Taxes	4,462,809	4,653,826
Income Taxes—Federal & State	2,399,000	2,524,000
Net Profit After Taxes	2,063,809	2,129,826
Per Share	1.77	1.83
Dividends	699,498	699,498
Per Share60	.60
Working Capital	14,027,627	12,792,642
Long-Term Debt	6,019,000	6,499,000
Shares Outstanding	1,165,830	1,165,830
Shareholders' Equity	14,728,192	13,364,381
Per Share	12.63	11.46

TO THE STOCKHOLDERS:

PRESENTED herewith are consolidated balance sheets at June 30, 1959 and June 30, 1958, of the Company and its wholly owned subsidiaries, together with consolidated statements of income and surplus for the years ended June 30, 1959 and 1958, and the report of Arthur Young & Company, independent certified public accountants. Consolidated net sales for the Company for the year ended June 30, 1959, were \$87,647,367, as compared with \$87,839,429 for 1958. These figures reflect the unusual marketing circumstances prevailing in the last quarter of 1958, during which period distributor inventories were heavily increased. In consequence, shipments during the first quarter of 1959 were substantially below the corresponding period in 1958. However, an analysis on a month by month basis shows a continuing and satisfying rate of progress in both our Liquor and Food Divisions.

Consolidated net income for the year ended June 30, 1959, was \$2,063,309, as compared with \$2,129,826 for 1958. Working capital increased, during the past fiscal year, from \$12,792,642 to \$14,027,627. Net assets applicable to stockholders' equity increased from \$13,364,381 to \$14,728,167.

Your Company declared dividends on common stock of 60¢ a share during the year ended June 30, 1959, the same dividend declared during the previous fiscal year. No stock options were exercised

during the 1959 fiscal year. One stock option for 2500 shares was granted.

For the year ended June 30, 1959, the Federal Excise Tax on Distilled Spirits included in cost of sales amounted to \$49,617,067, as compared with \$50,614,377 for the previous fiscal year.

During the year, the Heublein Sales Company was discontinued as a regular distributor of our liquor products in New York City. This company is being retained as a prime distributor for resale to other distributors in New York State.

On January 1, 1959, we were appointed sole United States distributors for Guinness Stout and Perrier Water and for Rose's Lime Juice in thirty-seven states. In addition, we initiated sales of Golden Velvet Whisky, a high-quality Canadian Whisky produced by Gilbey.

The Heublein Distributing Co., Inc., was organized in New York State to act as prime distributor for Guinness Stout.

Additions to our staff of operating executives have substantially strengthened the major divisions of the Company's business. The Heublein Food Importing Company staff, in particular, has been expanded considerably to service the increased volume of business.

During the fiscal year, Mr. Julian J. Bizik and

Mr. Gerson K. Bernstein became Vice Presidents of the Company. Mr. John J. Moran was named Controller.

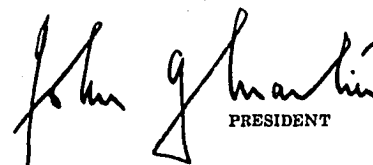
Your Company continues to put added emphasis on research and development, both in the Food and Liquor Divisions, as essential to the continued progress of the Company.

Just prior to having this report published, your Company undertook a most important step. For the first time in its history, it made an offering of its stock to the public.

We want to welcome all new stockholders and to assure them that the Company will do whatever it can to assure a cordial and profitable relationship.

Accordingly, it will be the Company's policy to keep stockholders informed of the Company's progress in both sales and earnings and also any other matters of interest which can appropriately be made public.

Your Management wishes particularly to express its sincere appreciation to our employees, our customers, and our stockholders, for their great contributions to the growth of our business and for their exceptional loyalty and support.



PRESIDENT

THE HEUBLEIN FOOD DIVISIONS

Heublein domestic food products and Heublein food and beverage imports have made notable progress this year. Our leading specialty, A.I. Sauce, has grown steadily in demand and volume. Maypo Oat Cereal and Andersen Soups have shown substantial increases over 1958. Our three new imports in the beverage field are off to a promising start. Other Heublein food products are being introduced, with excellent prospects of success. The Heublein policy of concentration on specialties is paying off in steady expansion of our Food Division.

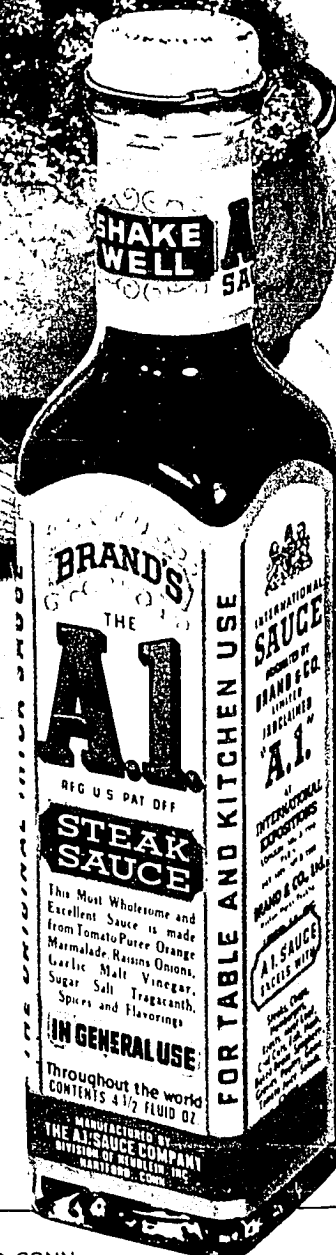


Sizzl-icious!

Want to make a good steak *more so*? A.1. Sauce does it every time! Adds a matchless flavor lift, helps to tenderize, too. Try this chef's touch and see how it adds to *your* cooking fame:

Half an hour before cooking, spoon $\frac{1}{4}$ cupful of A.1. Sauce evenly over a $2\frac{1}{2}$ lb. steak. Broil as usual, season sparingly (so the herb-and-spice-rich flavor of A.1. Sauce comes sparkling through!).

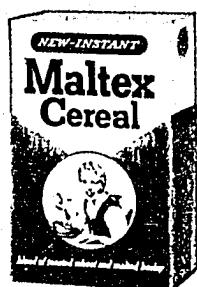
Pass the A.1. Sauce at the table, too, when you serve each tender, juicy portion. It's famous as a "pour on" sauce and no wonder! A.1. is made especially to *enhance* good flavor!



Cooking's
fun
with A.1.

THE A.1. SAUCE COMPANY (DIVISION OF HEUBLEIN), HARTFORD, CONN.

DOMESTIC FOOD DIVISION



A.1. SAUCE This internationally famous condiment has been called “the sauce of a thousand uses.” It belongs in the well-stocked kitchen cupboard, no less than on the well-provided table. Sales growth has been steady and through a policy of consistent national advertising should increase over the years.

MALTEX Quick and easy to cook and serve, this unusual hot cereal is rich in malt—with a pleasing and distinctive flavor. It is a product of Maltex Company (Division of Heublein), Burlington, Vermont.

MAYPO Widely and successfully advertised, this popular hot oat cereal is another product of Heublein's Maltex Division. Maypo's appetizing maple flavor appeals to children and grown-ups alike. Sales have increased by 65% during the past year, and there are indications that the rising sales will continue.

GREY-POUPON MUSTARD This product is made in Hartford from the formula of the original, imported Grey-Poupon Mustard, which Heublein also distributes.

ANDERSEN SOUPS These gourmet quality soups are prepared by an exclusive Heublein process, which assures their freshness and seals in their natural flavor. The line shows a gratifying increase of 60% over last year. Distribution progresses steadily and successfully, thanks in part to a program of television spot advertising. Two new Andersen Soups, Cream of Chicken and Beef Burger—introduced during the past year—are now finding good public acceptance wherever they are sold.

FOOD IMPORTING DIVISION



HUNTLEY & PALMER BISCUITS Unsurpassed for quality, these famous English biscuits are held in high regard throughout the world—and occupy a very special place in America's affections. They are made by Huntley & Palmer, Ltd., Reading, England. We distribute a wide variety of Huntley & Palmer biscuits and cakes, in a number of assortments.

EDOUARD ARTZNER FOIE GRAS Strasbourg is the home of Foie Gras. And no Strasbourg specialist in Foie Gras is more celebrated than the famous house of Artzner. Gourmets and chefs agree on the excellence of Artzner Foie Gras and Truffle delicacies.

ROBERTSON'S PRESERVES There is a wide acceptance here for the world-renowned jams, jellies and marmalades made by Robertson—in Paisley, Scotland. Old customers are faithful to the superior quality of these fine preserves. New users always are delighted by their natural flavor.

GREY-POUPON MUSTARD (Imported) This is the original Grey-Poupon Mustard from Dijon, France. Its superb quality and appetizing flavor have made it one of France's most famous condiments.

MING TEAS The choicest leaves from the finest tea crops are known as "Treasure Teas." It is these specially selected teas that are packaged under the famous name of Ming. Ming Teas are distributed in the United States exclusively by Heublein. They are blended and packaged for us in England.

BASS ALE Wherever English ale is poured, the name of Bass stands for top quality and flavor. And this



celebrated British brew is imported in the United States exclusively by Heublein. Its distinctive taste—so different from that of our domestic ales—has won Bass an enthusiastic following.



GUINNESS STOUT By far the world's largest selling stout, "dark and comely" Guinness is brewed in Ireland by Arthur Guinness Son & Co. (Dublin) Ltd., and bottled for export in Liverpool, England. An exclusive Heublein import, it is achieving growing acceptance in the United States—through advertising that promotes the drinking of Guinness in half-and-half proportions with beer. In the past year progress has been most satisfactory.



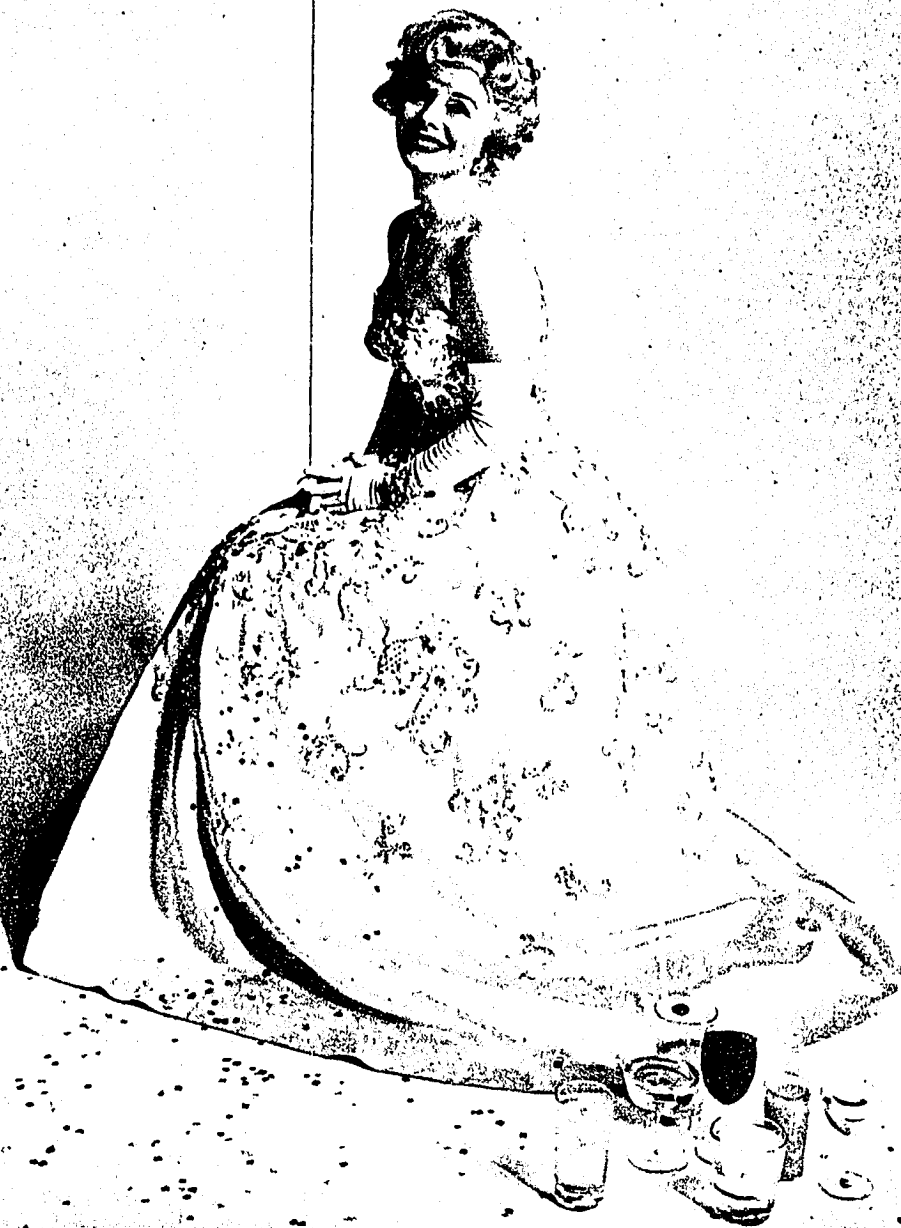
PERRIER WATER This famous sparkling water in the distinctive bowling pin bottle is such a universal favorite in Europe that we feel it should have some acceptance in America. Perrier is so pure and so perfectly carbonated that it actually adds to the pleasure of drinking whiskey and other liquors.



ROSE'S LIME JUICE This elixir from Britain is the secret of the distinctive flavor of the Gimlet Cocktail—whether made with Vodka or Gin. Rose's is pure, natural lime juice, with only cane sugar syrup added. It is produced and bottled by L. Rose & Co., Ltd., of St. Albans. Besides its use in the Gimlet, Rose's Lime Juice makes a refreshing soft drink when mixed with water or soda; and an imaginative ingredient in cookery. As a result of effective advertising and sales support, quick acceptance has been gained, and Rose's rising sales are most encouraging.

THE HEUBLEIN LIQUOR DIVISION

The Liquor Division continues to account for the major share of Heublein sales and income. Smirnoff is the giant of the vodka industry and the unquestioned leader in volume and profit. Sales of our Heublein Ready-to-Serve Cocktails, and other Heublein products, both domestic and imported, are increasing and provide a well-rounded line of specialties. Unusual and effective advertising and merchandising campaigns of major proportions are maintained throughout the year.



EVA GABOR, GLAMOROUS STAR OF STAGE, SCREEN AND TELEVISION

"IT'S FUN TO GIVE A VODKA PARTY!" says **Eva Gabor**

Here's a smart new idea in entertaining. You serve just *one* liquor--flawless Smirnoff Vodka. Yet you offer a delicious *variety* of drinks! For smooth Smirnoff blends happily with any mixer, fruit juice or soft drink. It makes the world's driest Dry Martini. And combines with imported Rose's Lime Juice for the perfect Vodka Gimlet. For your party's success, use Smirnoff--no less. Serve the vodka they like--*as they like it!*

it leaves you breathless

Smirnoff
® THE GREATEST NAME IN **VODKA**

80 AND 100 PROOF. DISTILLED FROM GRAIN. STE. PIERRE SMIRNOFF FLS. (DIV. OF HEUBLEIN), HARTFORD, CONN.



Smirnoff Drinks

(left to right)
Vodka Highball
Vodka Gimlet
Vodka Collins
Bloody Mary
Vodka on the Rocks
Vodka & Tonic (rear)
Screwdriver
Vodka Martini

Vodka Party Recipe
Book on request.

Smirnoff Vodka



The position of industry leadership enjoyed by Smirnoff Vodka remains as outstanding as ever. Strong merchandising policies and extensive national advertising have helped maintain this position through a period which found many consumers trading down to lower-priced brands because of economic conditions.

Heublein Cocktails & Cordials



Heublein Ready-to-Serve Cocktails are in steady demand. The high quality of these products is well recognized, and intensive advertising and merchandising has kept them in the forefront for many years. Heublein Cordials and Fruit Flavored Brandies have won wide favor for excellence and their sale is constantly increasing.

You, too, can command the perfect Manhattan!



Pour right on-the-rocks. (Or stir with ice and strain into cocktail glass.)

When you serve Heublein Manhattans, you're the Man Who Does Things Right! They're ready-mixed—professionally perfect. Made from choice private stock whiskey and finest vatted vermouth—expertly proportioned. No work. No waiting. And—what's even more important—no fear of failures! It's no wonder that smart people enjoyed more than 20,000,000 Heublein Cocktails last year.

You've got it made with

HEUBLEIN COCKTAILS

(PRONOUNCED HUGH-BLINE)

MANHATTANS 65 PROOF—EXTRA DRY MARTINIS 75 PROOF—DAIQUIRIS 60 PROOF—AND 7 OTHER POPULAR KINDS. G. F. HEUBLEIN & BRO., HARTFORD, CONN.



GIVING A PARTY? It's more fun to mix with your guests than to mix cocktails! So pour Heublein's. Ten kinds to choose from.



**AND AFTER DINNER—
ENJOY HEUBLEIN CORDIALS.**

Marvelously minty Creme de Menthe (54 proof) and 19 other full-flavored favorites. All at modest domestic prices.

Bell's Scotches



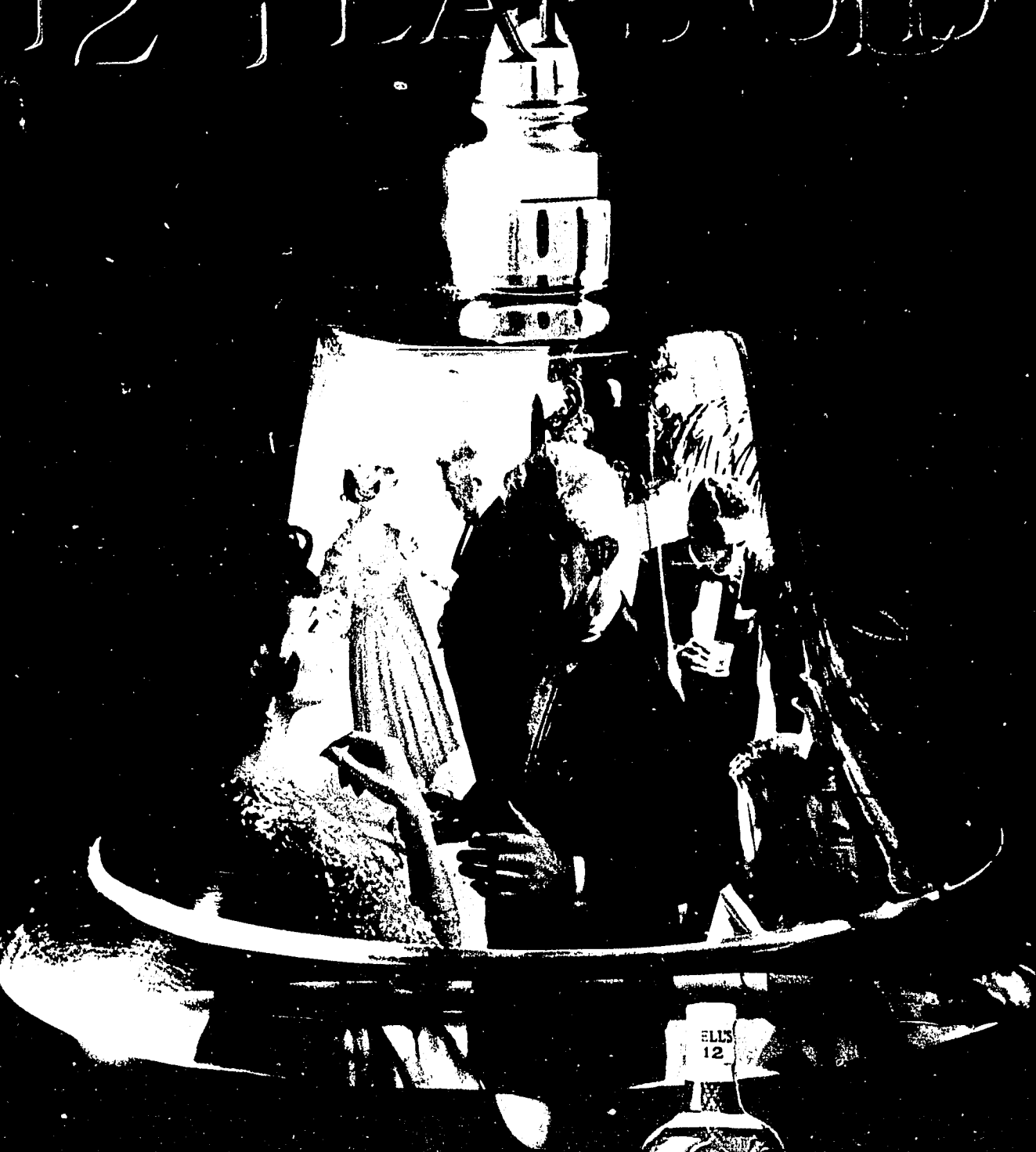
Scotch Whisky generally is no longer in limited supply, but 12-year-old Scotch Whisky is still limited. We are fortunate that our Bell's 12-year-old Scotch Whisky is being made available in gradually increasing quantities. Bell's Special Reserve enjoys a growing following among Scotch drinkers in this country, as well as throughout the world.

Relska Vodka



The Heublein position in the great vodka market has been strengthened by the success of a second brand — Relska Vodka. This is a quality product at a moderate price, and response to its marketing has been very gratifying. Relska Vodka sales increased by almost 100% this past year.

12 YEARS OLD



The Celebration Scotch

Twelve years have come and gone since this rare old Scotch whisky started slowly aging in the wood. You'll find Bell's "12" maturely smooth and marvelously mellow. Even in Scotland, there isn't very much of it. When a bottle comes your way, be sure not to pass it by!



BELL'S '12'

ROYAL VAT SCOTCH WHISKY

86 PROOF BLENDED SCOTCH WHISKY. ARTHUR BELL & SONS, LTD., DISTILLERS, PERTH, SCOTLAND EST. 1825. G. F. HEUBLEIN & BRO., HARTFORD, CONN., SOLE DISTRIBUTORS FOR THE U.S.A.

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Harvey's Sherries



Harvey's is by far the leading brand of imported Spanish Sherry. Harvey's Bristol Cream is a name that stands alone in this category, but there are also other superb Harvey's Sherries, and Harvey's Ports. New advertising has been building greater demand for Bristol Cream and spreading the fame of other Harvey products; Bristol Milk, Bristol Dry, Amontillado, Shooting Sherry, and the Port wines.

Heublein Vermouths



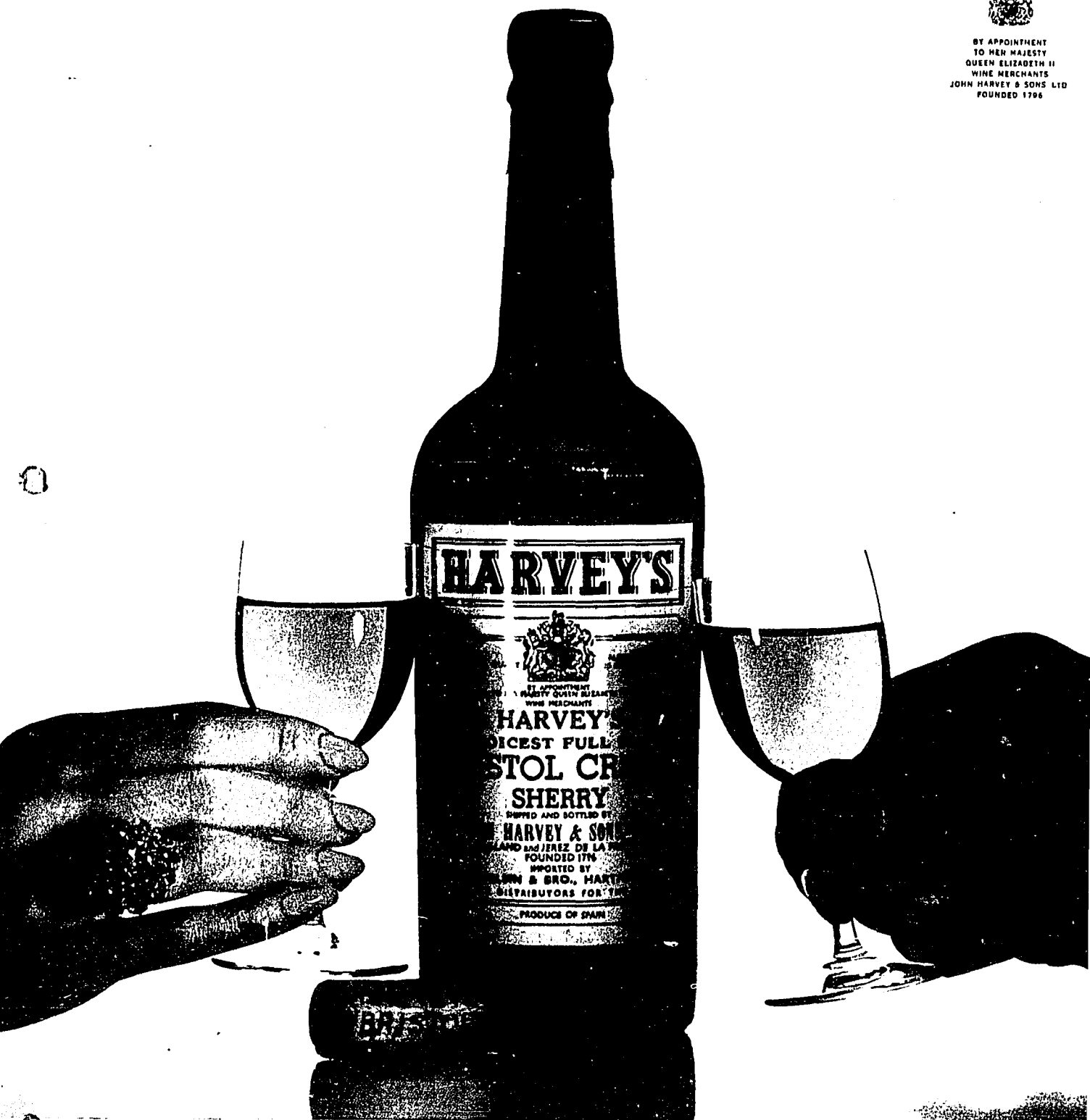
As specialists in the mixing of fine cocktails, Heublein is well equipped to produce vermouths of superior flavor and quality. Heublein Vatted Vermouths, both Sweet and Dry, are especially made for cocktails, and are reaching a growing and profitable market for fine vermouths at a domestic price.


Milshire Gin



Distilled in New England—by the time-honored "pot-still" method—this distinctive gin has earned a reputation as one of the finest available. Like the popular English gins, Milshire has distribution and acceptance across the country. Increased advertising and sales promotion of Milshire is planned.


 BY APPOINTMENT
 TO HER MAJESTY
 QUEEN ELIZABETH II
 WINE MERCHANTS
 JOHN HARVEY & SONS LTD
 FOUNDED 1796




 Give the noblest sherry of them all!

BRISTOL CREAM is the richest and rarest of true Spanish Olorosos. And nothing—in all the world of wines—is so famous or so special as this costly, but incomparable, sherry. You'll find BRISTOL CREAM at better wine merchants...with these other Harvey imports for the Holidays:

HARVEY'S BRISTOL CREAM®

SPAIN'S FINEST SHERRIES SINCE 1796

HARVEY'S BRISTOL MILK. Sweet and full bodied. Another superlative golden Oloroso.

HARVEY'S BRISTOL DRY. An incomparable Fine. Ideal to serve instead of cocktails.

HARVEY'S AMONTILLADO. A superb pale Medium Dry that suits most tastes. Moderately priced.

HARVEY'S SHOOTING. A fine, rich Oloroso at a modest price. Right for all occasions.

IMPORTED PORTS FROM PORTUGAL

HARVEY'S HUNTING. A soft, fine, tawny Port, world-famous for its subtlety of flavor.

HARVEY'S GOLD CAP. A truly distinguished ruby Port of classic, full bodied character.

G.F. HEUBLEIN & BRO., HARTFORD, CONN.
 SOLE DISTRIBUTORS FOR THE U.S.A.

HEUBLEIN, INC.

Consolidated Balance Sheet

June 30, 1959 and 1958

ASSETS

Current assets:

	1959	1958
Cash	\$ 2,408,447	\$ 1,884,858
Marketable securities, at cost (market value—1959, \$65,754; 1958, \$52,653)	11,433	13,309
Investment in whiskey certificates, at cost (not in excess of market)	348,666	658,221
Accounts receivable	13,189,173	12,753,251
Inventories, at lower of cost (principally first-in, first-out) or market:		
Finished products	3,130,858	3,039,561
Products in process	737,455	831,267
Raw materials	2,333,823	2,662,544
Supplies	722,250	906,867
Total inventories	6,924,386	7,440,239
Total current assets	22,882,105	22,749,878

Property, plant and equipment, at cost:

Land	399,400	394,373
Buildings	3,791,380	3,651,925
Machinery and equipment	4,548,813	4,757,779
	8,739,593	8,804,077
<i>Less accumulated depreciation</i>	2,772,993	2,572,186
Total property, plant and equipment	5,966,600	6,231,891

Prepaid advertising, insurance, etc.	504,034	573,214
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Other assets, at or below cost	248,931	265,634
	\$29,601,670	\$29,820,617

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:	1959	1958
Notes payable to banks	\$ 3,000,000	\$ 5,000,000
Accounts payable	1,407,975	1,373,196
Federal income taxes	1,816,236	1,770,078
Accrued liabilities:		
Salaries and wages	414,820	385,187
Taxes, other than Federal income taxes	1,286,678	466,040
Other	273,894	299,860
Cash dividend payable	174,875	174,875
Long-term debt due within one year	480,000	488,000
Total current liabilities	8,854,478	9,957,236

Long-term debt:

4¾% debentures, due January 1, 1977 (less amounts included in current liabilities)— <i>note 1</i>	6,019,000	6,499,000
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Stockholders' equity: (notes 2 and 4):

Common stock, par value \$5 per share:		
Authorized—2,000,000 shares.		
Issued and outstanding—1,165,830 shares	5,829,150	5,829,150
Reserved for options— <i>see note 3</i>		
Earned surplus— <i>note 1</i>	8,899,042	7,535,231
Total Stockholders' equity	14,728,192	13,364,381

\$29,601,670 \$29,820,617

See accompanying notes.

HEUBLEIN, INC.

Consolidated Statement of Income

Years ended June 30, 1959 and 1958

	1959	1958
Net sales	\$87,647,367	\$87,839,429
Cost of sales	67,275,558	67,231,416
Gross profit	<u>20,371,809</u>	<u>20,608,013</u>
Expenses:		
Selling and advertising	12,709,945	12,612,659
Administrative and general	2,561,479	2,821,618
	<u>15,271,424</u>	<u>15,434,277</u>
	<u>5,100,385</u>	<u>5,173,736</u>
Other deductions:		
Interest on long-term debt	320,617	344,066
Other interest	190,553	207,883
Losses on disposal of property, plant and equipment	121,755	14,189
Miscellaneous—net	5,151	(46,228)
	<u>638,076</u>	<u>519,910</u>
	<u>4,462,309</u>	<u>4,653,826</u>
Provision for income taxes:		
State	187,000	203,000
Federal	2,212,000	2,321,000
	<u>2,399,000</u>	<u>2,524,000</u>
Net income	<u><u>\$2,063,309</u></u>	<u><u>\$2,129,826</u></u>

Provision for depreciation charged to income—
1959, \$606,170; 1958, \$503,069.

See accompanying notes.

HEUBLEIN, INC.

Consolidated Statements of Surplus

Years ended June 30, 1959 and 1958

Paid-in Surplus

	1959	1958
Balance at beginning of year	\$ —	\$ 172,075
Add excess of option price over \$10 par value of common stock issued on exercise of options for 1,500 shares . . .	—	5,750
	<u>—</u>	<u>177,825</u>
Deduct transfer to common stock account in connection with a three-for-one stock split-up and simultaneous reduction from \$10 par value to \$5 par value (balance charged to earned surplus)	—	177,825
Balance at end of year	\$ <u>—</u>	\$ <u>—</u>

Earned Surplus

Balance at beginning of year	\$ 7,535,231	\$ 7,870,128
Net income	2,063,309	2,129,826
	<u>9,598,540</u>	<u>9,999,954</u>
Deduct:		
Transfer to common stock account in connection with a three-for-one stock split-up and reduction in par value . .	—	1,765,225
Cash dividends declared (\$.59 per share in 1959 and 1958, adjusted to reflect, to the extent applicable, the three-for-one stock split-up in 1958 and the 2½% stock dividend declared August 27, 1959—see Note.2) . .	699,498	699,498
	<u>699,498</u>	<u>2,464,723</u>
Balance at end of year (notes 1 and 2)	\$8,899,042	\$7,535,231

See accompanying notes.

HEUBLEIN, INC.

Notes to Consolidated Financial Statements

NOTE 1—Long-term debt: On January 1 of each year the Company is required to redeem \$375,000 principal amount of debentures and an additional principal amount equal to 10% of the excess of consolidated net income (as defined in the indenture) for the preceding fiscal year over \$1,000,000.

The indenture relating to the debentures restricts payment of cash dividends and the purchase and redemption of the Company's common stock to the consolidated net income (as defined) accumulated since June 30, 1956 plus \$1,000,000. Earned surplus not so restricted as to the payment of cash dividends under this provision amounted to \$5,525,374 at June 30, 1959.

The indenture also requires the Company to maintain consolidated net current assets (as defined) of the greater of \$5,000,000 or 150% of outstanding debentures. Consolidated net current assets at June 30, 1959 exceeded the requirement by \$4,384,127.

NOTE 2—Stock dividend: On August 27, 1959 the Board of Directors declared a 2½% stock dividend (29,133 shares) payable September 10, 1959. In accounting for the dividend, an amount of \$18.25 per share (approximately equivalent to the net proceeds per share from the sale of stock referred to in Note 4), or a total of \$531,677, was transferred from earned surplus to common stock account to the extent of the par value (\$145,665) of the shares and the balance (\$386,012) to paid-in surplus account. In addition an amount of \$461, paid in cash in lieu of fractional shares, was charged to earned surplus.

NOTE 3—Stock options: Under a "Restricted Stock Option Plan" approved by the stockholders on May 2,

1958, options may be granted to officers and key employees to purchase shares of the Company's common stock at prices not less than 95% of fair market value. The Plan provides that the term of any option may not exceed ten years and that options may not become exercisable earlier than one year after the date of grant. In connection with a February 1959 employment contract, an option was granted covering 2,562 shares at \$12.39 per share. The option price represented 95% of fair value as determined for Federal income tax purposes (there being no quoted market value at that date for the Company's stock). This option becomes exercisable in February 1961 and expires in 1964. On August 17, 1959 the Company granted options covering 17,500 shares. Such options expire in 1964 and become exercisable subsequent to August 17, 1961 at \$19.95 per share (95% of the public offering price of the stock referred to in Note 4). An additional 29,906 shares are reserved for options which may be granted in the future under the Plan.

Options granted in August 1957 covering 8,713 shares are outstanding at a price of \$11.38 per share. These options became exercisable in August 1959 and expire in 1962. On August 12, 1959 an option granted in 1957 was exercised in part for 500 shares at \$11.67 per share.

The foregoing shares and option prices, reflect, to the extent applicable, the effect of the 2½% stock dividend declared August 27, 1959.

NOTE 4—Public offering of stock: In September 1959 the Company sold through underwriters 300,000 shares of its common stock and received therefor \$5,731,439 after deducting \$568,561 representing underwriting commissions and estimated expenses of issuance.

ARTHUR YOUNG & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

165 BROADWAY
NEW YORK 6

The Board of Directors and Stockholders,
Heublein, Inc.:

We have examined the accompanying consolidated balance sheet of Heublein, Inc. at June 30, 1959 and the related consolidated statements of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the consolidated financial position of Heublein, Inc. at June 30, 1959 and the consolidated results of operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We have also made examinations, similar in scope to that indicated in the first paragraph hereof, of the consolidated financial statements of Heublein, Inc. for the four fiscal periods ended June 30, 1958. In our opinion, based on such examinations and on that for the year ended June 30, 1959, the "Consolidated Financial Position" and "Results of Consolidated Operations" summarizes fairly the consolidated financial position of Heublein, Inc. at the end of each of the five fiscal periods ended June 30, 1959 and the consolidated results of operations for such fiscal periods, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

Arthur Young & Company

September 22, 1959

HEUBLEIN, INC.

Consolidated financial position at the end of the past five fiscal periods

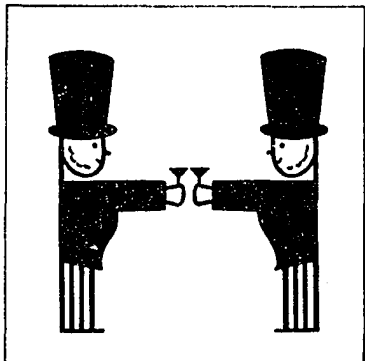
Current assets:	June 30, 1959	June 30, 1958	June 30, 1957	June 30, 1956	June 30, 1955
Cash	\$ 2,408,447	\$ 1,884,858	\$ 2,045,775	\$ 2,150,645	\$ 2,298,053
Marketable securities	11,433	13,309	9,044	9,062	9,079
Investment in whiskey certificates	348,666	658,221	—	735,903	—
Note receivable	—	—	527,050	—	—
Accounts receivable	13,189,173	12,753,251	7,753,250	7,322,700	5,156,898
Inventories	6,924,386	7,440,239	7,500,450	7,004,387	5,825,371
Total current assets	22,882,105	22,749,878	17,835,569	17,222,697	13,289,400
Current liabilities:					
Notes payable to banks	3,000,000	5,000,000	—	2,300,000	2,000,000
Accounts payable	1,407,975	1,373,196	1,578,382	1,220,235	686,677
Federal income taxes	1,816,236	1,770,078	2,100,284	2,222,041	530,527
Accrued liabilities	1,975,392	1,151,087	1,033,038	852,758	513,075
Cash dividend payable	174,875	174,875	154,844	133,581	98,153
Long-term debt due within one year	480,000	488,000	513,000	624,500	301,000
Total current liabilities	8,854,478	9,957,236	5,379,548	7,353,115	4,129,432
Working capital	14,027,627	12,792,642	12,456,021	9,869,582	9,159,968
Property, plant and equipment	5,966,600	6,231,891	5,812,183	3,681,015	3,254,009
Prepaid advertising, insurance, etc.	504,034	573,214	419,867	432,298	296,595
Other assets	248,931	265,634	221,582	218,145	222,963
	20,747,192	19,863,381	18,909,653	14,201,040	12,933,535
Deduct: Long-term debt	6,019,000	6,499,000	6,987,000	4,294,500	4,699,000
Net assets applicable to stockholders' equity	\$14,728,192	\$13,364,381	\$11,922,653	\$ 9,906,540	\$ 8,234,535
Stockholders' equity represented by:					
Deposits received from directors, officers and employees on shares under option	\$ —	\$ —	\$ 9,350	\$ 151,732	\$ 180,658
5% preferred stock (retired in 1956) at par value	—	—	—	—	247,500
Common stock at book value	14,728,192	13,364,381	11,913,303	9,754,808	7,806,377
	\$14,728,192	\$13,364,381	\$11,922,653	\$ 9,906,540	\$ 8,234,535
Book value per share of common stock outstanding end of period (Note)	\$12.32	\$11.18	\$10.01	\$ 8.82	\$ 7.40

HEUBLEIN, INC.

Results of consolidated operations for past five fiscal periods

	YEAR ENDED June 30, 1959	YEAR ENDED June 30, 1958	YEAR ENDED June 30, 1957	YEAR ENDED June 30, 1956	TEN MONTHS ENDED June 30, 1955
Net sales	\$87,647,367	\$87,839,429	\$82,063,607	\$68,543,461	\$37,222,279
Cost of sales	67,275,558	67,231,416	63,233,937	53,218,791	29,502,903
Gross profit.	<u>20,371,809</u>	<u>20,608,013</u>	<u>18,829,670</u>	<u>15,324,670</u>	<u>7,719,376</u>
Expenses:					
Selling and advertising	12,709,945	12,612,659	10,616,524	8,012,864	4,650,332
Administrative and general	2,561,479	2,821,618	2,698,057	2,287,972	1,479,391
	<u>15,271,424</u>	<u>15,434,277</u>	<u>13,314,581</u>	<u>10,300,836</u>	<u>6,129,723</u>
Operating profit	<u>5,100,385</u>	<u>5,173,736</u>	<u>5,515,089</u>	<u>5,023,834</u>	<u>1,589,653</u>
Other deductions					
Interest	511,170	551,949	432,255	326,772	187,953
Miscellaneous—net	126,906	(32,039)	(25,458)	(10,466)	1,058
	<u>638,076</u>	<u>519,910</u>	<u>406,797</u>	<u>316,306</u>	<u>189,011</u>
	4,462,309	4,653,826	5,108,292	4,707,528	1,400,642
State and Federal income taxes	2,399,000	2,524,000	2,697,000	2,530,752	733,341
Net income	<u>\$2,063,309</u>	<u>\$ 2,129,826</u>	<u>\$ 2,411,292</u>	<u>\$ 2,176,776</u>	<u>\$ 667,301</u>
Dividends on preferred stock	\$ —	\$ —	\$ —	\$ —	\$ 12,375
Net income applicable to common stock	\$ 2,063,309	\$ 2,129,826	\$ 2,411,292	\$ 2,176,776	\$ 654,926
Common stock:					
Average number of shares outstanding during period (Note)	1,194,952	1,194,089	1,174,516	1,071,038	1,053,002
Net income per share (Note)	\$ 1.73	\$ 1.78	\$ 2.05	\$ 2.03	\$.62
Dividends per share (Note)	\$.59	\$.59	\$.54	\$.42	\$.28

NOTE: Adjusted to give retroactive effect to the three-for-one stock split-up in May 1958 and the 2½% stock dividend declared August 27, 1959 payable September 10, 1959.



SYMBOL OF HOSPITALITY SINCE 1875

HEUBLEIN, INC.

330 NEW PARK AVE., HARTFORD 1, CONN.